GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:33
ANSWERED ON:22.02.2001
AGREEMENT WITH ENRON FOR PURCHASE OF ELECTRICITY
SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of POWER be pleased to state:

(a) whether the Union Government have entered into an agreement with the Enron for purchase of electricity;

(b) if so, the details thereof;

(c) whether the exorbitant rates, at which the Enron supplies electricity to the concerned State Governments are having an adverse effect on their budget and the economic condition of the public as well; and;

(d) if so, the steps being taken by the Government to bring improvement in the above situation?

Answer

THE MINISTER OF POWER (SHRI SURESH P. PRABHU)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 33 TO BE ANSWERED IN THE LOK SABHA ON 22.2.2001 REGARDING AGREEMENT WITH ENRON FOR PURCHASE OF ELECTRICITY.

(a) : No, Sir.

(b) : Does not arise.

(c) : The Dabhol Power Company (DPC) promoted by Enron has signed a Power Purchase Agreement (PPA) with the Maharashtra State Electricity Board (MSEB) in regard to its 2184 MW Dabhol Power Project. DPC has not signed a PPA with any other State Government/State Electricity Board. Phase-I of the project of 740 MW has been commissioned and has been supplying power to MSEB since 13th May, 1999. The State Government has indicated that in view of the high tariff of power supplied by DPC to MSEB, it has become exceedingly difficult to absorb the power produced by DPC from its Phase-I project. According to the State Government, the monthly collection of MSEB at the moment is to the tune of Rs.850 crores and their expenditure, even without purchase of DPC power, is Rs.950 crores. Therefore, it is beyond the financial capacity of MSEB to take the liability of Phase-II of the DPC project.

(d) : Government of India (GOI) has advised Chief Secretary of Maharashtra to convene a meeting with the officials of DPC to resolve the issue. GOM, vide their resolution dated 9.2.2001, have constituted an Energy Review Committee under the Chairmanship of Dr. Madhav Godbole, ex-Home Secretary, GOI, which will, inter-alia, examine the case of power supplied by DPC, distribution of power losses and its implications on the finances/tariff of MSEB and review the PPA signed with DPC after holding discussions with the said Company and MSEB etc. The Committee will also suggest appropriate measures to facilitate purchase of power by other agencies from DPC.